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DEPARTMENT OF STATE

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April 9, 1952

OFFICE OF DIRECTOR
S/P

Dear Mr. Secretary:

This is in connection with the proposals for instituting an economic development program in the Near East, which have been put forward during the past several weeks by Ambassador Locke.

I have followed the exchange of cables on this subject with great interest. In addition, some members of my staff have already talked with Ambassador Locke, who has recently returned to this country from the Near East, and I expect to talk with him myself in the very near future. As I understand it, Ambassador Locke feels strongly that a program of the nature he has proposed must be initiated by the United States immediately, if we are to avoid a serious deterioration of the political situation in the Near East and perhaps forfeiting of the opportunity to ensure the political orientation of the Arab States toward the West.

As you know, these proposals were first received in Washington in summary form at the time when the Mutual Security Program for fiscal year 1953 was being put in final form for presentation to the Congress. The supporting information and justification were not in such shape at that time as to make possible the reopening of the entire program and its re-formulation or expansion to accommodate those proposals. The proposals involve major questions of policy concerning the Mutual Security Program in general, as well as crucial political issues concerned with our relations to the Near East area.

Meanwhile, the Congressional presentation of the Mutual Security Program has reached an advanced stage. Hearings have now been completed in the Senate Foreign Relations Committee. General testimony has been completed before the House Foreign Affairs Committee; detailed Title by Title testimony is now beginning in that Committee, and the hearings should be completed soon after the Easter holidays. The Program and the legislation as presented not only do not include provision for major economic development projects of the type proposed by Ambassador Locke; the testimony before the Senate Committee has made it clear that the present program does not contemplate such projects; and the legislation currently being requested by the Administration contains no statutory authority which would permit the carrying out of such a program.

Honorable Dean Acheson,
The Secretary of State.

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This legislative situation obviously creates a very substantial presumption against affirmative consideration of the Locke proposals during the current session. Their introduction at this late date would not only be difficult to justify, but might jeopardize the program which has been put forward. In these circumstances, it seems clear that we can place these proposals before the Congress during the current presentation only if the political considerations involved are determined to be of overriding importance. It is equally clear that, in view of the legislative schedule with which we are faced, any such determination would have to be made without delay if the decision is not to go by default.

This office is now giving attention to the problems of legislative tactics which would have to be solved if a program is to be put forward. No action in this connection, however, is possible in the absence of certain basic judgments which can be made only by the Department of State. The relevant issues may be summarized in the form of a series of questions, as follows:

1. Is there a continuing deterioration in the political situation in the Near East; if so what is its exact nature; and does it constitute an immediate threat to the continuance of peace and stability in the area?

2. Among which elements of the population of the area is the development of attitudes adverse to the West most serious?

3. In what manner would a development program of the type recommended by Ambassador Locke contribute to a favorable change in those attitudes?

4. Through what means, given the social structure and the state of technical and economic development that now exists, would or could the benefits of such development projects be sufficiently widely distributed to promote broadly based Western orientation?

5. Is the situation sufficiently serious to warrant the new precedent involved in the lannching for the first time of a substantial grant program for economic development in an underdeveloped area -- a precedent which would be viewed with concern by many circles inside and outside the Government?

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6. Could not the critical development requirements of the area be financed through a combination of public loans, private investment (perhaps assisted by government guarantees), and technical cooperation activities of the type authorized by the current program?

7. Does the urgency of the proposed program warrant its initiation at the expense of other portions of the Mutual Security Program; and, if so, which portions? (In this connection the probability of a substantial reduction in funds from the amounts requested by the Administration must be kept in mind.)

8. Is the urgency of the program such as to make it impossible to defer its consideration until the fiscal year 1954 Mutual Security Program, when its justification could be handled as part of the systematic and orderly program development and presentation? Alternatively, could its consideration safely be deferred for possible presentation as a supplementary fiscal year 1953 program early in the new Congress?

9. Is not the complexity of the proposed projects such that in any event many months would be required for technical and engineering exploration, so that requirements for sizeable grant financing would not materialize during fiscal year 1953?

10. Would it be possible to undertake certain of the types of activities suggested by Ambassador Locke within the existing authority of the Act for International Development, and if so, would the disadvantages of not being able to carry out all of the Locke proposals outweigh the advantages of not having to force this issue belatedly with the Congress?

I am sure that you will agree that these questions must be answered before you and I can recommend to the President what action he should take on the proposals. While my staff will of course participate in the development of the necessary information and judgments, it seems to me clear that the basic political questions must be answered by the Department of State in the first instance.

I intend to give this matter my closest personal attention, and will welcome an opportunity to discuss the problem directly with you, if you feel it will help in expediting the necessary decisions.

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Sincerely,

(signed) W. A. HARRIMAN

W. Averell Harriman
Director for Mutual Security

NSPaul:mm/LGordon
April 8, 1952
Clearance: Only(in substance)
Gordon
Wood
Tannenwald